NEARLY 3 YEARS, AND COUNTING
Minimum wage increase helps working families and the economy

BY DOUG HALL

At the end of March, Iowa Sen. Tom Harkin introduced the Rebuild America Act, a bill that contains important provisions to strengthen the economy and improve the well-being of working Americans. Among the many worthy elements of this bill is a proposal to increase the federal minimum wage to $9.80 by July 1, 2014. Next week will mark the third anniversary of the most recent increase in the federal minimum wage. Rather than increase the federal minimum wage annually to allow low-income workers to maintain their standard of living and share in the fruits of their ever-more productive labor as should be the case, Congress too often raises the minimum wage and then puts the well-being of low-wage workers on the back burner for years at a stretch.

As my colleague David Cooper wrote in April, increasing the federal minimum wage to $9.80 by July 1, 2014 would benefit over 28 million workers and increase national GDP by over $25 billion, in the process creating over 100,000 jobs. Given the lackluster recovery that continues to cast a pall over the nation, this positive step should be embraced by all those who care about the well-being of working families.

In a forthcoming paper, I’ll be detailing the demographic characteristics of those affected by increasing the minimum wage as proposed by Harkin (a proposal that has been mirrored in Conn. Rep. Rosa DeLauro’s Rebuild America Act and in a bill for which Calif. Rep. George Miller is currently gathering support). This paper will also highlight the state level...
impact of the proposed increase, breaking out state-specific demographic impacts and also highlighting the economic and employment impacts.

Here are a few graphs to whet your collective appetites:

![Educational Attainment of those Affected by Increasing the Federal Minimum Wage to $9.80 (by July 1, 2014)](image)

**Figure 1: Educational attainment**

As seen in Figure 1, over three-quarters of those affected by the proposed increase to $9.80 have completed high school or more, including 42.3 percent who have completed some college, have an associates degree, a bachelor’s degree, or more.
As seen in Figure 2, nationally, well over half of those affected by increasing the minimum wage to $9.80 are white and about a quarter are Hispanic. Black workers account for 14.2 percent of those affected, and the balance, 6.1 percent, are either Asian or other.
Figure 3 shows that the perception of minimum-wage workers as high school students working to earn spending money is largely incorrect. Instead, we see that a majority are full-time workers. In fact, only 15 percent of those affected work part-time (defined here as working less than 20 hours a week).
Finally, as seen in Figure 4, over half of those affected belong to families with family income of less than $40,000 a year. While the weak economic recovery has taken a toll on families across the economic continuum, its effects have been felt most acutely by those with low and very low incomes. For these families, raising the minimum wage will have a demonstrable impact on their family income.

This is exactly the right time to raise the minimum wage. Doing so in a weak economy not only helps those who most need help, it also provides an immediate boost to the economy, generating additional economic activity that benefits everyone. These charts (coupled with the more extensive data available in Cooper’s blog linked above) demonstrate who stands to benefit from increasing the federal minimum wage to $9.80. Next week, when a series of “Days of Action” take place in cities throughout the nation in support of increasing the minimum wage, we should all be thinking of the minimum-wage workers staffing our favorite restaurants, cleaning the rooms in our vacation hotels, or stocking the shelves in our local grocery stores. Their faces are the faces of America’s minimum-wage workforce. But take a look in the mirror also, since we all benefit from the positive economic impact of increasing the minimum wage.